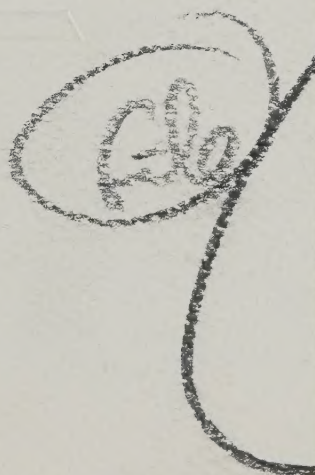
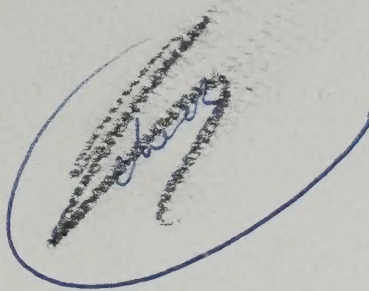


AR42




# DOVER INDUSTRIES LIMITED

ANNUAL  
REPORT

1967





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## DOVER INDUSTRIES LIMITED

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### OPERATING

ROBINSON CONE COMPANY

HAMILTON, ONTARIO

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### SUBSIDIARY COMPANIES

CHERRY TAYLOR FLOUR MILLS LIMITED

PRESTON AND CHATHAM DIVISIONS

HOWELL LITHO AND CARTONS LIMITED

BURLINGTON AND TORONTO DIVISIONS

TAYLOR GRAIN LIMITED

CHATHAM, ONTARIO

DOVER MILLS LIMITED

HALIFAX, NOVA SCOTIA

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## Dover Industries Limited

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### DIRECTORS AND OFFICERS

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#### DIRECTORS

Mrs. M. Campbell	H. J. Carmichael	J. M. Godfrey, Q.C.
D. M. Hunter	E. C. Labarge	J. R. McPhee
W. H. Pinchin	D. Smith	G. M. Sutherland
J. M. Vallance	D. H. Ward	D. H. Wigle

#### OFFICERS OF THE COMPANY

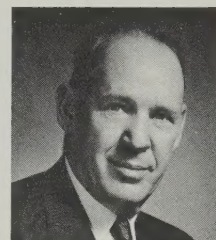
*President:* Mrs. M. Campbell    *Vice-President:* D. H. Wigle  
*Vice-President:* D. M. Hunter    *Vice-President:* E. C. Labarge  
*Secretary-Treasurer:* J. R. McPhee

#### TRANSFER AGENT AND REGISTRAR

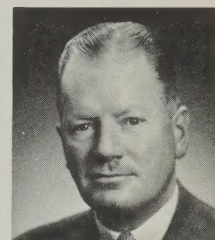
CANADA PERMANENT TRUST COMPANY Toronto, Ontario



Mrs. M. Campbell



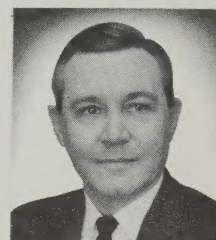
H. J. Carmichael



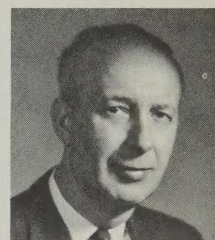
J. M. Godfrey, Q.C.



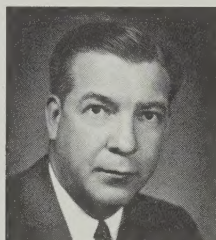
D. M. Hunter



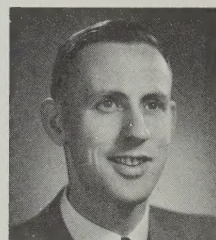
E. C. Labarge



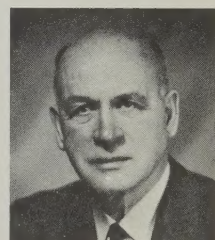
J. R. McPhee



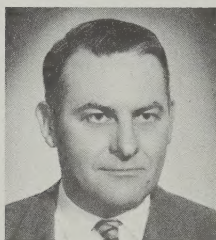
W. H. Pinchin



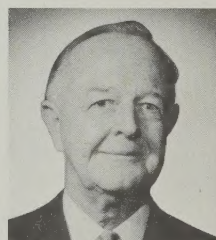
D. Smith



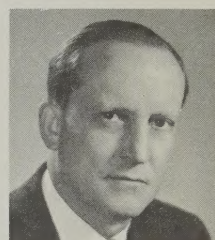
G. M. Sutherland



J. M. Vallance



D. H. Ward



D. H. Wigle

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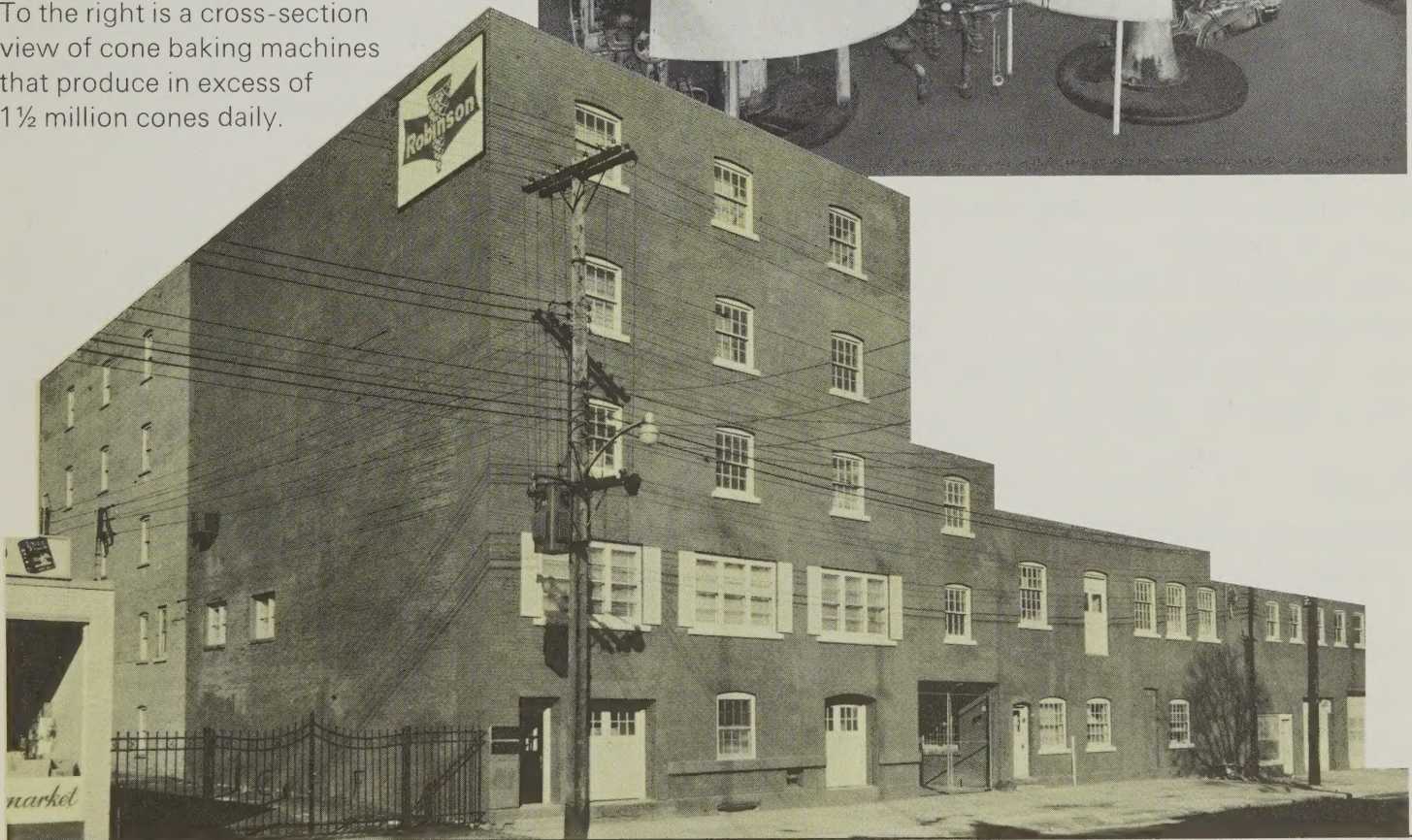
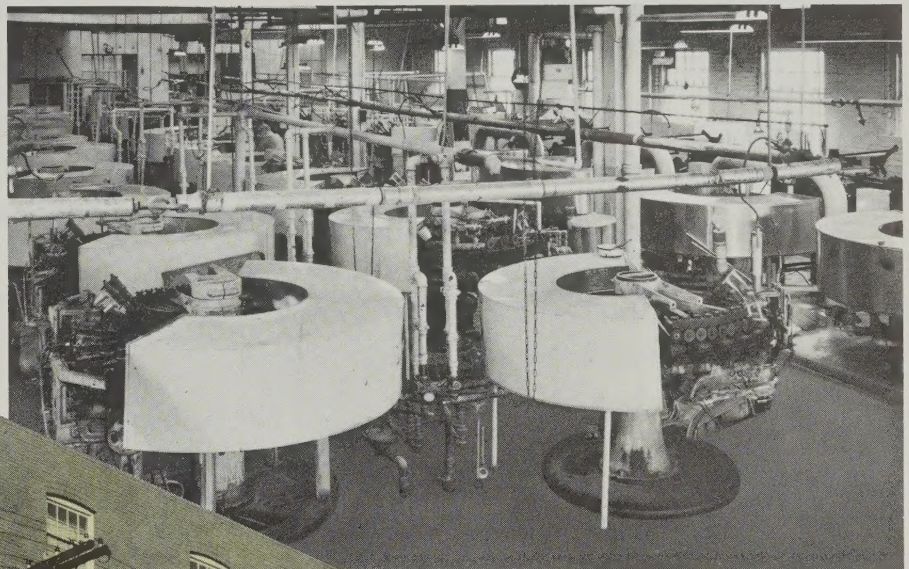
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## ROBINSON CONE

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Below is a picture of the Robinson Cone Company manufacturing plant that underwent extensive interior and exterior renovating during the fiscal year. Cones have been baked at this location for nearly sixty years during which time extensions and acquisition of adjacent property have increased floor space to more than 90,000 square feet.

To the right is a cross-section view of cone baking machines that produce in excess of 1½ million cones daily.





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## PRESIDENT'S REPORT

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### ***Report to the Shareholders***

Your Directors are pleased to present the 27th Annual Report, the Consolidated Statements and a 5-year Financial Summary of the Company for the year ended December 31st, 1967.

While 1967 did not set any record for profits, much was accomplished during the year, and the ground-work has been laid from which we will benefit in future years. Preproduction expenses of Dover Mills Ltd., and the moving costs of Howell Litho and Cartons Ltd. to Burlington are non-recurring expenses that are responsible for the substantial drop in profit. Net profit on the regular operations were about the same as last year. For the past few years the increase in sales volume has offset, to some extent, the substantial labour costs in some divisions. However, continuing wage rate demands have adversely affected the profit margins. Earnings were \$1.43 per common share after provision for taxes and preferred dividends.

### **SALES**

Sales for the twelve months were up 4% over the same period in 1966.

### **EARNINGS**

The Consolidated net profit for the Fiscal Year was \$265,892.00 compared to \$353,203.00 in 1966.

### **DIVIDENDS**

Dividends at the rate of 6% per annum, amounting to \$61,576.00 were paid on Preferred Shares and \$114,256.00 or 80¢ per share per annum on the Common Shares, the same as in 1966.

### **WORKING CAPITAL**

The Working Capital was \$768,701.00 at the end of 1967, after providing for expenditures for Equipment, Dover Mills and Robinson borrowings and for Dividends, a drop of \$49,462.00.

### **INVENTORIES**

At the end of the year, Inventories totalled \$3,949,445.00. The increase of \$2,295,702.00 over last year is almost entirely accounted for by the value of wheat held in the National Harbour Board elevator at Halifax, for use of Dover Mills Ltd.

### **CAPITAL EXPENDITURES**

Capital Expenditures for the year amounted to \$1,559,959.00. The major portion of this amount \$1,255,664.00, was for the Halifax Mill, the balance for the new Folding Cartons building at Burlington and new machinery at all other locations.

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## OPERATIONS REVIEW

Robinson Cone, the Dover operating company again had increased sales and production. The demand for paperboard pails was up and this department showed a good profit.

Howell Litho and Cartons Ltd. completed the consolidation of the Letterpress and Finishing Departments in the new plant at Burlington. The move was carried out with the minimum of disruption to production and a marked increase in efficiency is already apparent. Extreme competition is affecting this company and the industry as a whole.

Taylor Grain Ltd. profits were slightly reduced by adverse harvesting conditions last autumn, although approximately the same quantity was handled by the elevators this past year. The new dryeration system put in at two of our elevators has been highly successful.

Cherry Taylor Flour Mills completed a new installation for daylight packing and bulk loading at Preston. Again steadily increasing costs which could not be offset in the selling price, slightly lowered the mills profit.

Dover Mills Ltd. in Halifax after running into some construction delays is now nearing completion and is scheduled to start milling operations in April. An operating organization has been assembled in

Halifax and some export sales have been completed under the Dover Mills brand name.

I take this opportunity on behalf of the Board of Directors to express our sincere appreciation to Management and Employees for their contribution during the past year.

*Respectively submitted,*

*On behalf of the Board*

*Mona Campbell*

*President*

*Hamilton, Ontario March 29, 1967*

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*(Incorporated under the laws of Canada)*

(with comparative figures at December 31, 1966)

<b>ASSETS</b>	<b>1967</b>	<b>1966</b>
<b>CURRENT:</b>		
Accounts receivable . . . . .	\$1,106,062	\$1,147,534
Inventories (note 1) . . . . .	3,949,445	1,653,743
Prepaid expenses . . . . .	53,885	80,256
Total current assets . . . . .	5,109,392	2,881,533
<b>FIXED:</b>		
Land, buildings and equipment at cost . . . . .	7,268,808	5,729,362
Less accumulated depreciation . . . . .	3,313,448	3,039,982
	3,955,360	2,689,380
<b>OTHER:</b>		
Sundry assets . . . . .		10,000
Special refundable tax . . . . .	29,867	19,400
Goodwill (excess of cost of investment in subsidiaries over equity in net tangible assets at date of acquisition) . . . . .	499,588	499,588
 <i>On behalf of the Board:</i>		
 Hocia Campbell Director		
 John R McPhee Director		
	\$9,594,207	\$6,099,901



<b>LIABILITIES</b>	<b>1967</b>	<b>1966</b>
<b>CURRENT:</b>		
Bank indebtedness . . . . .	\$1,176,835	\$1,131,763
Accounts payable and accrued charges . . . . .	2,959,266	715,624
Income and other taxes payable . . . . .	150,996	164,589
Dividends payable . . . . .	15,394	15,394
Long term debt instalments due within one year . . . . .	38,200	36,000
Total current liabilities . . . . .	4,340,691	2,063,370
 <b>LONG TERM DEBT</b> (note 2) . . . . .	 1,431,225	 288,000
 <b>DEFERRED INCOME TAXES</b> (note 3) . . . . .	 245,700	 262,000
 <b>SHAREHOLDERS' EQUITY:</b>		
Capital stock—		
Authorized:		
105,000 6% cumulative preferred shares of the par value of \$10 each redeemable at par		
200,000 common shares without par value		
Issued:		
102,626 preferred shares . . . . .	1,026,260	1,026,260
142,820 common shares . . . . .	71,750	71,750
	1,098,010	1,098,010
Retained earnings (statement 2) . . . . .	2,478,581	2,388,521
	3,576,591	3,486,531
	\$9,594,207	\$6,099,901



**Dover Industries Limited****Consolidated Statement of Income and Retained Earnings****Year ended December 31, 1967** (with comparative figures for year ended December 31, 1966)

	1967	1966
Sales . . . . .	\$13,834,327	\$13,266,399
Operating costs and expenses (including depreciation of \$293,979 in 1967 and \$249,090 in 1966) . . . . .	13,194,934	12,437,782
Income from operations . . . . .	639,393	828,617
Interest:		
Long term debt . . . . .	44,701	16,500
Bank indebtedness . . . . .	94,600	44,914
	139,301	61,414
Income before taxes thereon . . . . .	500,092	767,203
Income taxes (note 3) . . . . .	234,200	414,000
Net income for year . . . . .	265,892	353,203
Retained earnings at beginning of year . . . . .	2,388,521	2,211,150
	2,654,413	2,564,353
Less:		
Dividends declared—		
Preferred—60¢ per share . . . . .	61,576	61,576
Common—80¢ per share . . . . .	114,256	114,256
	175,832	175,832
Retained earnings at end of year . . . . .	\$ 2,478,581	\$ 2,388,521

*Notes to Consolidated Financial Statements—December 31, 1967*

(1) Inventories—The inventories are valued at the lower of cost and net realizable value and consist of the following:

	1967	1966
Inventory of grains . . . . .	\$2,577,310	\$ 338,169
Other raw materials . . . . .	410,827	341,377
Work in process . . . . .	127,482	154,478
Finished goods . . . . .	833,826	819,719
	<u>\$3,949,445</u>	<u>\$1,653,743</u>

(2) Long term debt—Long term debt consists of:

	1967	1966
7% first mortgage repayable in monthly instalments of \$360 including principal and interest, due June 10, 1971 . . . . .	\$ 29,644	
5% debentures of a subsidiary company due Feb. 28, 1975 (requiring yearly sinking fund payments of \$36,000) . . . . .	288,000	\$324,000
6% notes of a subsidiary company maturing Dec. 31, 1970 (convertible into preferred shares of the subsidiary company) . . . . .	46,250	
7% first mortgage sinking fund bonds of a subsidiary company :—		

Authorized:

Series A repayable in equal annual instalments covering principal and interest in each of the years 1969 to 1978 inclusive, and maturing on April 1, 1978. . . . . \$ 800,000

Series B repayable in equal annual instalments covering principal and interest in each of the years 1969 to 1988 inclusive and maturing on April 1, 1988. . . . . 1,000,000

\$1,800,000

Issued:

Series A . . . . . 391,791

Series B . . . . . 713,740

1967 1966

1,105,531 324,000

1,469,425 324,000

Less principal repayments due within one year . . . . .

38,200 36,000

\$1,431,225 \$288,000



**Dover Industries Limited****Consolidated Statement of Source and Application of Funds****Year ended December 31, 1967** (with comparative figures for year ended December 31, 1966)

<b>SOURCE OF FUNDS:</b>	<b>1967</b>	<b>1966</b>
Operations—		
Net income for year . . . . .	\$ 265,892	\$ 353,203
Charges or (credits) not affecting working capital:		
Depreciation . . . . .	293,979	249,090
Deferred income taxes (net) . . . . .	(16,300)	145,000
	543,571	747,293
Issue of long term debt (note 2) . . . . .	1,182,706	
Reduction in sundry assets . . . . .	10,000	50
	1,736,277	747,343
<b>APPLICATION OF FUNDS:</b>		
New facilities and equipment (net) . . . . .	1,559,959	1,368,366
Dividends to shareholders . . . . .	175,832	175,832
Provision for repayment of long term debt . . . . .	39,481	36,000
Special refundable tax . . . . .	10,467	19,400
	1,785,739	1,599,598
<b>REDUCTION IN WORKING CAPITAL</b> . . . . .	49,462	852,255
<b>WORKING CAPITAL AT BEGINNING OF YEAR</b> . . . . .	818,163	1,670,418
<b>WORKING CAPITAL AT END OF YEAR</b> . . . . .	\$ 768,701	\$ 818,163

*Notes to Consolidated Financial Statements—continued*

(3) Deferred income taxes—The company and its subsidiaries follow the generally accepted accounting practice of deducting in the statement of income the amount of income taxes applicable to the income reported for the year. This may differ from the amount of income taxes currently payable by reason of differences between the amount of capital cost allowances deductible for tax purposes and the amount of depreciation recorded in the accounts, and because of operating losses which may be applied against the profits of

future years in computing taxable income. The accumulated excess (on a consolidated basis) of the amount of income taxes provided over the amounts currently payable is included in the balance sheet as "Deferred income taxes".

(4) Statutory information—Remuneration received in 1967 by directors of Dover Industries Limited as directors, officers or employees of the company and its subsidiaries amounted to \$98,353.

**AUDITORS' REPORT** *To the Shareholders of Dover Industries Limited:*

We have examined the consolidated balance sheet of Dover Industries Limited and its subsidiaries as at December 31, 1967 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations

and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

**CLARKSON, GORDON & CO.** *Chartered Accountants.*  
Hamilton, Canada, March 1, 1968.



## Dover Industries Limited

### Financial Summary 1963 to 1967

#### EARNINGS AND DIVIDENDS

	<b>1967</b> (12 MONTHS)	<b>1966</b> (12 MONTHS)	<b>1965</b> (12 MONTHS)	<b>1964</b> (12 MONTHS)	<b>1963</b> (15 MONTHS)
Income Before Taxes . . . . .	\$ 500,092	\$ 767,203	\$ 757,949	\$ 648,205	\$ 685,978
Income Tax Provision . . . . .	\$ 234,200	414,000	399,000	317,000	311,500
Net Income . . . . .	\$ 265,892	353,203	358,949	331,205	374,478
Net Income per Preferred Share . . . . .	\$ 2.59	3.44	3.50	3.23	3.65
Net Income per Common Share . . . . .	\$ 1.43	2.04	2.08	1.89	2.08
Dividends per Preferred Share . . . . .	\$ 0.60	0.60	0.60	0.60	0.75
Dividends per Common Share . . . . .	\$ 0.80	0.80	0.75	0.60	0.75
Earnings Retained in Business . . . . .	\$ 90,060	177,371	183,876	147,120	190,393

#### FINANCIAL STATUS

	<b>1967</b> (12 MONTHS)	<b>1966</b> (12 MONTHS)	<b>1965</b> (12 MONTHS)	<b>1964</b> (12 MONTHS)	<b>1963</b> (15 MONTHS)
Current Assets . . . . .	\$5,109,392	2,881,533	2,796,455	2,631,978	2,712,759
Current Liabilities . . . . .	\$4,340,691	2,063,370	1,126,037	939,731	1,178,964
Working Capital . . . . .	\$ 768,701	818,163	1,670,418	1,692,247	1,533,795
Current Ratio . . . . .	1.2 to 1	1.4 to 1	2.5 to 1	2.8 to 1	2.3 to 1
Plant and Equipment (Net) . . . . .	\$3,955,360	2,698,380	1,570,104	1,276,449	1,316,281
Stockholders' Investment (Capital and Surplus) . . . . .	\$3,576,591	3,486,531	3,309,160	3,125,284	2,978,164
Common Stock Equity per Share . . . . .	\$ 17.86	17.23	15.98	14.70	13.67
Shares of Preferred Stock Outstanding..	102,626	102,626	102,626	102,626	102,626
Shares of Common Stock Outstanding..	142,820	142,820	142,820	142,820	142,820



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## DOVER MILLS

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The new Dover Flour Mill being built in Halifax is now nearing completion. This five storey mill, situated on the water-front, will produce 3,000 cwt. of flour per day. Dover Mills Ltd. will have the most technically advanced mill on this continent and is located to serve the Atlantic Provinces and the markets of the world.





## **Dover Industries Limited**

*Executive Offices: 145 MacNab St. North, Hamilton, Ontario*

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### **CONES & STRAWS**

### **ROBINSON CONE**

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*Sales Offices and Warehouses:* Hamilton, Ontario • Toronto, Ontario • Montreal, Quebec

*Warehouses and Sales Agents:* St. John's, Newfoundland • Halifax, Nova Scotia • Saint John, New Brunswick  
• Quebec City, Quebec • North Bay, Ontario • Fort William, Ontario • Winnipeg, Manitoba • Regina,  
Saskatchewan • Saskatoon, Saskatchewan • Calgary, Alberta • Edmonton, Alberta • Vancouver,  
British Columbia • Victoria, British Columbia

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### **FLOUR & GRAIN**

### **CHERRY TAYLOR FLOUR MILLS • TAYLOR GRAIN • DOVER MILLS**

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*Direct Sales:* Coast to Coast—Canada

*Sales Agents:* Jamaica, British West Indies • Trinidad, British West Indies • Grenada, British West Indies  
St. Lucia, British West Indies • Antigua, British West Indies • Montserrat, British West Indies • St. Vincent,  
British West Indies • Dominica, British West Indies • Barbados, British West Indies • Georgetown,  
British Guiana • London, England

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### **PAPER BOXES, LABELS & POSTERS • HOWELL LITHO & CARTONS**

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*Sales Offices:* Toronto, Ontario • Burlington, Ontario • Montreal, Quebec

*Sales Agents:* St. John's, Newfoundland • Halifax, Nova Scotia • Saint John, New Brunswick • Quebec  
City, Quebec • Vancouver, British Columbia

Jobber distribution coast to coast.

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# DOVER INDUSTRIES LIMITED

145 MACNAB STREET NORTH

HAMILTON, ONTARIO

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the annual meeting of the shareholders of Dover Industries Limited will be held at the office of the Company, 145 MacNab Street North, Hamilton, Ontario, on Wednesday, the 24th day of April, 1968, at the hour of 11:00 o'clock in the morning, for the following purposes:

1. to receive and consider the report of the directors, the financial statements of the Company for the fiscal year ended December 31, 1967 and the report of the auditors;
2. to elect directors;
3. to appoint auditors; and
4. to transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return, in the envelope provided for that purpose, the enclosed form of proxy.

DATED at Hamilton, Ontario, this 29th day of March, 1968.

By Order of the Board,

JOHN R. McPHEE,  
Secretary-Treasurer.



# **DOVER INDUSTRIES LIMITED**

## **INFORMATION CIRCULAR**

### **SOLICITATION OF PROXY**

This information circular is furnished in connection with the solicitation of proxies by the management of Dover Industries Limited for use at the annual meeting of the shareholders of the Company to be held on April 24, 1968 for the purposes set forth in the notice of meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company. The costs of solicitation will be borne by the Company.

### **REVOCABILITY OF PROXY**

The shareholder executing the accompanying proxy instrument has the power to revoke it at any time insofar as it has not been exercised.

### **VOTING SHARES**

Each holder of a common share of the Company of record as of the time of the annual meeting or any adjournment thereof is entitled to attend the meeting and to one vote for each share. As at March 8, 1968, 142,820 common shares of the Company were outstanding. The holders of 6% cumulative preferred shares of the Company are not entitled to notice of or to vote at the meeting.

### **PRINCIPAL HOLDER OF VOTING SHARES**

Mrs. M. M. Campbell beneficially owns 71,703 common shares of the Company, representing 50.2% of the outstanding equity shares.

### **ELECTION OF DIRECTORS**

Proxies in favour of management nominees will be voted for the following proposed nominees (or for substitute nominees in the event of contingencies not known at present) who will, subject to the by-laws of the Company, serve until the next annual meeting of shareholders or until their successors are elected or appointed in accordance with such by-laws. The nominees listed have been directors of the Company since the years indicated, and, on March 8, 1968, beneficially owned, directly or indirectly, the indicated number of common shares.

## INFORMATION CONCERNING NOMINEES AS DIRECTORS

NAME	PRINCIPAL OCCUPATION	YEAR BECAME A DIRECTOR	COMMON SHARES OWNED BENEFICIALLY
Mrs. M. M. Campbell	President of the Company	1955	71,703
H. J. Carmichael	Director of Massey-Ferguson Limited (manufacturers) Director of Continental Can Limited (manufacturers)	1956	2,205
J. M. Godfrey	Senior Partner of Campbell, Godfrey & Lewtas (solicitors)	1955	400
D. M. Hunter	Vice-President of the Company President of Cherry Taylor Flour Mills Limited (flour millers) President of Taylor Grain Limited (grain dealers)	1952	10
E. C. Labarge	Vice-President of the Company General Manager of Robinson Cone Company (manufacturer of ice cream cones)	1961	100
J. R. McPhee	Secretary-Treasurer of the Company	1952	22
W. H. Pinchin (1)	Director of Dover Mills Limited (flour millers)	1965	100
D. Smith	Vice-President of Cherry Taylor Flour Mills Limited (flour millers)	1957	85
G. M. Sutherland (1)	Retired	1957	1,000
J. M. Vallance	Secretary-Treasurer of Vallance Brown and Company Limited (wholesaler of mill and electrical supplies)	1952	942
D. H. Ward	President of Dominion Securities Corporation Limited (investment dealers)	1955	5,000
D. H. Wigle	Vice-President of the Company President of Howell Litho and Cartons Limited (printers and carton manufacturers)	1960	750

### Notes:

- The following nominees, in addition to the present principal occupation specified, have had within the five years prior to March 8, 1968 the following principal occupations:

W. H. Pinchin—President of Pillsbury Canada Limited (flour millers). President of Viceroy Manufacturing Company Limited (rubber goods manufacturers).

G. M. Sutherland—Vice-President of the Company.



## **REMUNERATION OF MANAGEMENT AND OTHERS**

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company during the fiscal year ended December 31, 1967 amounted to \$98,353.

The estimated aggregate annual cost to the Company and its subsidiaries in the last completed financial year of all pension benefits proposed to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company or its subsidiaries to the directors and senior officers of the Company is \$835.20.

## **APPOINTMENT OF AUDITORS**

It is intended to vote proxies received in favour of management nominees to re-appoint the firm of Clarkson, Gordon & Co., the present auditors, as auditors of the Company to hold office until the next annual meeting of shareholders.

## **GENERAL**

Information contained herein is given as of March 8, 1968. The management knows of no matters to come before the meeting other than the matters referred to in the notice of the meeting. However, if any other matters which are not known to the management should properly come before the meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the person voting the proxy.

BY ORDER OF THE BOARD

DATED: March 8, 1968

JOHN R. McPHEE,  
Secretary